



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

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MEMORANDUM FOR CHIEF HUMAN CAPITAL OFFICERS

FROM: JOHN BERRY
DIRECTOR

A handwritten signature in blue ink, appearing to read "John Berry", is written over the printed name and title.

Subject: Executive Resources Boards

OPM has been exploring options to promote the effectiveness of agency Executive Resources Boards (ERBs) in anticipation of changes in their composition and direction in this new administration. The head of each agency is responsible for executive resources management, controlling the decisions to hire, develop, assign work, evaluate performance, and compensate the agency's executives. In addition, the head of each agency controls the extent to which the ERB is involved in these decisions through appropriate delegations of authority.

The proper management of executive resources is critical because the executive corps is charged with leading the continuing transformation of our government. By law, each agency is required to:

- establish one or more ERBs to conduct the merit staffing process for career entry into the Senior Executive Service (SES) (5 U.S.C. 3393(b)), and
- oversee the development and certification of Presidential Management Fellows (5 CFR 362.204).

Earlier this year, OPM interviewed ERB Chairs, members and staff to learn more about what works well and what might be improved. As a result of those interviews OPM has developed a brief report highlighting what the ERBs must do under law, and additional activities the ERBs should consider as they develop their charters. This report provides a summary with helpful recommendations to the ERB and their Chairs, drawing on the experience and lessons learned from those interviewed.

OPM also completed a series of SES Selection Workshops in July to assist agencies with the core ERB mission of managing the SES merit selection process. Participating agencies were instructed in how to make the selection process more effective and applicant-friendly. They also learned about two new selection methods – a resume-based method and an accomplishment record application option – that are both in line with our current efforts to encourage agencies to streamline selection at all levels.

To be most effective, the ERB should have a much broader charter than just merit staffing. As the attached report shows, some agencies have used their ERBs to manage their executive cadre throughout their careers as a way to maximize their development and value to the organization. Agency heads have a good opportunity now to assess their priorities and consider the potential benefits of a more strategic approach to the management of their senior executives.

If you have any questions about this document, or would like assistance in defining and shaping your department's or agency's ERB, please contact Ana Mazzi, Acting Deputy Associate Director, Center for Learning, Executive Resources and Policy Analysis. She can be reached at Ana.Mazzi@opm.gov or 202-606-8046.

CC: Human Resources Directors
Deputy Chief Human Capital Officers

Executive Resources Boards

Introduction

The proper management of executive resources is critical because the executive corps is charged with leading the continuing transformation of our government. In accordance with the Civil Service Reform Act of 1978 (CSRA), agencies have created Executive Resources Boards (ERBs) – a select group of senior-level Federal executives who have knowledge of a significant portion of the agency's work, understand the interaction between programs and shifting priorities, and are familiar with the roles played by executives and managers in the agency. The head of each agency is legally responsible for executive resources management, controlling the decisions to hire, develop, assign work, evaluate performance, and compensate the agency's executives. In addition, the head of each agency controls the extent to which the ERB is involved in these decisions through appropriate delegations of authority.

Every agency approaches the management of its executive resources differently. However, typically, the ERBs provide advice and recommendations for consideration by the agency head relating to the management of executive human resources, including executive personnel policy, utilization, and development. Each agency is required to:

- Establish one or more ERBs to conduct the merit staffing process for career entry into the Senior Executive Service (SES) (5 U.S.C. 3393(b)), and
- Oversee the development and certification of Presidential Management Fellows (5 CFR 362.204).

To be most effective, however, the ERB should have a much broader charter. Ideally, the ERB would have general oversight of the management of the agency's executive resources and function as an advisor to the agency head in succession planning, utilization of executive resources, executive development and evaluation of executive personnel programs. Some level of ERB involvement in SES pay policy may also be desirable. The ERB established for the SES also may be used to oversee agency personnel matters for other senior positions, such as the senior-level (SL) and scientific and professional (ST) pay systems.

This document is a compendium of ERB practices used in various agencies. It presents what is required by law or regulation, and then discusses additional practices to consider that can enhance the management of the agency's executive cadre and organization. We encourage each agency head and ERB to consider these options and decide what they believe the ERB should be involved in, and to what end.

Composition and Structure

ERB members are appointed by the agency head from among the key staffs of the agency. The private sector routinely asks its best executives to oversee the development and management of its executive workforce. The Federal Government should do the same. All ERB members should be chosen, following careful deliberations, because of the experience, knowledge, and skills they exhibit as executives. To provide continuity, institutional memory, and a balanced perspective, it is recommended that each ERB include a mix of political and SES appointees, career and noncareer appointees, civilian personnel and commissioned officers, headquarters and field representatives, and an appropriate representation of women and minorities. The members must be "from among employees of the agency or commissioned officers of the uniformed services serving on active duty" in the agency (5 U.S.C. 3393(b)).

It is not advisable to have an ERB that is exclusively or predominantly career executives, nor is it recommended to have an ERB that is exclusively or predominantly political appointees; both perspectives should be well represented to ensure a balanced view, when possible. Naturally, smaller agencies have few, if any, noncareer executives so efforts to include such people are impractical. Nonetheless, all agencies should ensure ERB members, individually and collectively, have a broad knowledge of the agency, including its present and future needs, its missions, its problems, and the people who are principally responsible for its operation. The decisions and recommendations of the ERB have a long-term impact on the continuing effectiveness of the organization. Consequently, it is highly recommended new ERB members get to know as many of their agency SES members as quickly as possible, so their decisions and recommendations are as informed as possible. In most cases the agency will have a single top-level ERB composed of major agency officials to oversee all aspects of executive personnel management, but in the larger departments there may be multiple ERBs. Some agencies also find it useful to have subordinate committees to carry out specific planning or development work.

The ERB functions and responsibilities are an ongoing and integral part of agency management and decision-making. Consistent with 5 CFR part 304, the operational nature of ERB work precludes experts and consultants from performing such work. Therefore, it is not appropriate for experts or consultants to serve as ERB members.

The ERB Chair: The top-level ERB is generally chaired by a key senior official, political or career, who can represent the perspective of the agency head and champion the institutional interests of the senior executive cadre. The ERB Chair is usually responsible for:

- Presiding over the ERB
- Designating the ERB Secretary and alternate ERB Secretary
- Determining the need for and convening ERB meetings
- Validating actions that require the full ERB review

- Providing expert advisory assistance
- Assigning action items not requiring full ERB review to the appropriate office or approving such actions (the chairperson should notify board members regarding these actions during the next scheduled meeting)
- Approving ERB minutes and directives for distribution to all members
- Ensuring adherence to procedures
- Ensuring timely ERB recommendations/decisions based on factual data

The ERB Secretary: The top-level ERB should include an ERB Secretary, who will generally not be a voting member. The Secretary's responsibilities may include:

- Developing, publishing, and distributing the ERB agenda and meeting schedule to designated ERB members
- Documenting attendance and, if minutes are kept, recording the minutes of each ERB meeting, and distributing final minutes to each member within a reasonable time of approval by the ERB Chair
- Maintaining a file of applicable regulations, policies, and correspondence pertaining to ERB functions

The ERB Members: Individual ERB members should act as advisors to the Chair. Board member responsibilities should include:

- Reviewing and preparing to discuss agenda items before ERB meetings
- Obtaining any additional information needed to fully participate in the meetings

The ERB may want to include ex officio (possibly non-voting) members from the agency's Equal Employment Opportunity, Civil Rights, or Diversity office, as well as the agency's Human Resources Office or the Office of the Inspector General.

The ERB Meetings: The ERB Chair can schedule meetings on a regular basis (e.g., every week, every two weeks) or on an "as required" basis. However, most agencies find it useful to meet at least once each quarter. Meetings can be face-to-face or virtual (e.g., via e-mail, teleconferencing, web-based, video conferencing). The ERB meetings should be guided by the priority of the agenda items requiring action. In the absence of a Chair, a designated alternate Chair should operate with full authority to make ERB decisions as provided by the Board charter or policy and implementing directives. Meetings also can be expanded on occasion to include a broader group of executives to promote transparency.

Subordinate ERBs are typically chaired by the head or deputy head of the component or subagency. Subordinate ERBs usually have functional responsibilities similar to those of the overall agency ERB with respect to all but the top executive positions in the agency. Such ERBs, however, normally focus on specific topics and have less scope for setting policy on executive personnel management. If there are ERBs

in components or subagencies, as well as an overall agency ERB, the working relationship between them should be clearly defined.

Support and Procedures: Human resources (HR) program managers or executive resources (ER) staffs are responsible for administering the Senior Executive Service (SES) personnel system in the agencies. The ER managers and specialists manage executive resource initiatives, including executive recruitment and pay, certification of SES performance appraisal systems, leadership development and other SES personnel system issues. The human resources specialists in ER offices perform key executive staff functions so all ERBs should work closely with the ER staff in carrying out their responsibilities.

Inspector General Offices: The Inspector General Reform Act of 2008 (P.L. 110-409, October 14, 2008) provides that 1) each Office of Inspector General (OIG) shall be considered a separate agency; and 2) the Inspector General who is the head of an office has the functions, powers, and duties of an agency head or appointing authority under such provisions. Since each agency is required by 5 U.S.C. 3393(b) to establish one or more ERBs to conduct the merit staffing process for career entry into the Senior Executive Service (SES), each OIG should establish an ERB. For smaller offices, this may result in an ERB of two individuals, and possibly non-SES employees.

Charter

Although the membership of an ERB will change over time, the ERB as a body is ongoing and can provide institutional continuity in executive HR management in the agency. It can assist the agency head in setting policy, evaluating results and ensuring that executive-related decisions are made on a consistent basis using a strategic, corporate perspective. For the ERB to be most effective, the agency head should give it a clear charter of the functional areas for which it will be responsible and the role it will play. The ERB composition and membership should be specified in the charter. A charter formally establishes the ERB and sets forth its:

- Purpose
- Scope
- Membership (including voting and non-voting members)
- Functions and responsibilities
- Meeting schedule and process
- Duration (expiration date of the charter, if appropriate)
- Records (including who is responsible for the maintenance of the charter)

Responsibilities

Executive Resources Boards have responsibility for overseeing and establishing policy for executive merit staffing. In many agencies they also are responsible for managing the executive resources of the agency as determined by the agency head.

Mandatory responsibilities: ERBs are required to:

- Conduct the merit staffing process for career appointments in the SES, including reviewing the executive qualifications of candidates for career appointment and making written recommendations thereon to the appointing authority (5 U.S.C. 3393(b))
- Approve the individual development plan of each candidate participating in an SES CDP (5 CFR 412.104(d))
- Oversee the development and certification of Presidential Management Fellows (5 CFR 362.204)

Under proposed changes to 5 CFR part 412 that were published on September 2, 2008, ERBs would be required to engage in overall planning and management of executive development programs for SES incumbents, candidates and managers.

Discretionary responsibilities: Agency heads may delegate additional functions and authorities, such as overseeing:

- Executive position management and allocation decisions
- Executive compensation management, including retention strategies
- Managing the assignment, development, and broadening of current executives
- Executive performance management (in coordination with the PRB)

The amount of time and investment required of an ERB member depends on the needs of the agency. However, assigning the broader range of executive resources management responsibilities to the ERB has several advantages:

- It ensures the needs and perspectives of all parts of the agency are considered.
- It ensures the various executive personnel functions are integrated and the SES system is used to further the agency mission.

Allocation and Position Management

The ERB is typically involved in overseeing the determination of the number of executive positions needed, short and long range, and reviews the forecasted executive staffing requirements. ER staff typically provides the ERB an analysis of:

- The impact of anticipated attrition, program dynamics, legislative changes, and budget on the existing executive position structure
- How allocated numbers and categories of executive positions and appointing authorities should be used
- The number of biennial and interim allocations that should be requested from OPM
- The restructuring of an executive position, its placement in or removal from the SES, and the use of a particular appointing authority

OPM found agencies use a variety of approaches in their allocation and position management decisions:

- One agency assigns a priority level to each of its positions. All positions with the highest priority are filled as soon as they become vacant. The other positions are reviewed every time they become vacant to determine whether they are appropriate to fill in their current subcomponents. Each newly vacant position is strategically reviewed to determine the best use of the SES allocation, which is not necessarily always in the same office.
- Another agency meets every 6 months to thoroughly explore and discuss Department-wide SES management. Leadership is reviewed in the broadest respect, and is approached in an integrated fashion. This approach can work well for organizations with multiple cadres of leaders (i.e., civilian, military, commissioned, Foreign Service Officers).

Recruitment, Staffing, and Selection

As mentioned earlier, ERBs are required by 5 U.S.C. 3393(b) to conduct the merit staffing process for career appointments to the Senior Executive Service. This includes the review of the executive qualifications of candidates for career appointments and making recommendations to the appointing authority (5 CFR 317.501(c)(5)). Agencies use a broad spectrum of approaches in meeting this requirement. Some agencies' ERB panels (panels of ERB members or their delegates) only rate and rank SES candidates, while other ERBs are involved in all parts of the selection process for all GS-15 and SES hires.

Many ERBs are responsible for:

- Approving qualifications standards for each position (or group of similar positions)
- Reviewing and approving vacancy announcements
- Recommending how positions are to be filled (e.g., career, noncareer, limited appointment, transfer from within the SES, appointment from executive development pool)
- Monitoring the recruitment program
- Suggesting recruitment and outreach possibilities
- Designating or participating in the ranking panel
- Identifying the best qualified (5 CFR 317.501(c)(5)) and making recommendations to the appointing authority
- Determining who will interview candidates
- Interviewing the top candidates

Typically, the first step in the SES selection process involves HR screening of applicants for minimum qualifications. Then, a rating panel comprised of SES members (either ERB members or other SES designated by the ERB) evaluates the applications, groups applicants into categories, such as "best qualified", "highly qualified", and "qualified",

and recommends which groups should be interviewed. At this point, agencies tend to vary on ERB involvement. Many ERBs review the packages and recommendations from the panel and decide who will be interviewed. In addition, many ERBs decide which executives will conduct the interviews. Other ERBs are not involved at this stage.

The process then typically includes the following steps:

- A panel of SES members conducts the interviews. Usually the member filling the job is part of the panel; many ERBs decide which executives will participate in the interviews.
- The interview panel makes a recommendation to the ERB with a rank order of candidates.
- The ERB decides whether it wants to conduct further interviews; in some agencies, the ERB always interviews the top candidates.
- The selecting official interviews the applicants and makes a tentative selection, pending approval by OPM's Qualifications Review Board (QRB), which takes into account the recommendations of the ERB. The paperwork of the tentative selectee is then forwarded to OPM to obtain QRB approval so a final selection can be made.

Use of Search Firms: Some agencies use search firms when filling an SES vacancy. Typically, the search firm is used when filling a position requiring a high level of technical qualifications, e.g., Chief Information Officer. Agency experience with search firms has been mixed, due in part to the fact search firms may not be as familiar with the Government model of recruitment and selection. If they are used, it is a good idea to discuss the process and respective roles in recruitment and selection very carefully to ensure a successful outcome.

Diversity

Successful organizations focus on embedding the principles of diversity in their culture and management systems. A diverse workforce gives organizations a broader range of ideas and insights to draw on in decision making and policy development. Organizations that value and capitalize on employee diversity typically have productive workplaces which help them attract and retain employees. Current practices in the area of diversity in the SES ranks vary by agency. Agencies are encouraged to engage in targeted outreach to ensure a diverse pool representative of the American population. Agency ERBs also should periodically assess the representativeness of their SES and GS-13, 14, and 15 pipeline. Some ERBs also include a diversity/EEO/civil rights officer on a non-voting basis in their proceedings.

Succession Management and Senior Executive Service Candidate Development Programs (SES CDP)

In early 2008, OPM administered a survey to nearly 7000 career, noncareer, and term appointment SES members. The survey supports OPM's projections of high turnover among the senior ranks in the near future. Thirty-nine percent of career respondents plan to leave in the next 3 years, and 60 percent plan to do so in the next 5 years. A majority of those planning to leave in the next year are under age 60. These numbers highlight the importance of succession management.

The ERBs can play a critical role in crafting a strategic approach to succession management. For example, in one agency the ERB focuses on potential vacancies and risks to filling those vacancies, as opposed to gap analysis. Another agency has captured the state of succession management on a color-coded one-page chart, with supporting documents. It indicates who is eligible to retire in the next year, who their deputies are, and additional bench strength for those anticipated vacancies.

Often, agencies sponsor Senior Executive Service Candidate Development Programs (SES CDPs) as part of their succession management strategy. The SES CDPs are OPM-approved training programs designed to develop the executive qualifications of employees with strong executive potential, to qualify them for and authorize their initial career appointment to the SES. The SES CDPs include a variety of activities that prepare candidates for success in the SES. Currently, ERBs are only required to approve the individual development plan of each candidate participating in an SES CDP (5 CFR 412.104(d)). However, proposed revisions to 5 CFR part 412 would require ERBs to oversee the entire program, including the selection and recruitment of candidates, the assessment and development of candidates, progress of candidates, and the final certification of candidates.

The ERBs provide oversight of SES CDPs as an important source of candidates for future SES vacancies. Many are involved in:

- Controlling selection of candidates for programs to develop new executive talent
- Establishing and overseeing a mentoring program for executive development candidates; some ERB members also serve as mentors.
- Approving Executive Development Plans for each candidate (required by current 5 CFR 412.104(d))
- Evaluating performance of candidates during the program
- Assuring individuals who successfully complete SES CDPs are certified for SES entrance
- Assuring certified graduates receive full consideration for appointment to the SES
- Providing keynote speeches at various CDP orientation and training sessions
- Acting as class sponsors
- Evaluating the program and developmental activities and recommending alternative approaches

Executive Development

Executive development is aimed at providing a pool of CDP graduates and other highly qualified candidates for the SES, as well as improving the performance of current executives. ERBs are often involved in the planning and oversight of these actions and programs, as well as funding to support them.

The ERB's involvement in executive development may include:

- Identifying executive and managerial competencies needed by the agency
- Identifying developmental needs of individual executives
- Reviewing Executive Development Plans
- Overseeing the career management of the executive cadre, including career moves within the organization and details to other organizations
- Planning and overseeing programs for the continued development of senior executives (e.g., annual retreats, conferences, sabbaticals, professional update activities). OPM encourages agencies to develop strategies that allow SES members to participate in developmental opportunities and rotational assignments to gain a broad Governmentwide perspective (see <http://www.chcoc.gov/Transmittals/TransmittalDetails.aspx?TransmittalID=1696>).

Performance Management

There is no statutory role for ERBs in performance management and no specified link to Performance Review Boards (PRBs). However, some agencies have established such a link through overlapping membership or by authorizing the ERB to oversee the consistency of ratings assigned by the PRB. If there is no overlap of membership, nominations of members to serve on the PRB may be reviewed and approved by the ERB. Membership of the PRB and ERB typically vary by agency, with some having overlap and others not. When membership is totally different between the two Boards, the ERB often reviews and approves the recommendations of the PRB. The ERB can serve as a cross-check on actions recommended by the PRB. In addition, the PRB's recommendations provide useful information to take into account in future career management decisions. In addition, some ERBs provide suggestions for improvement of the performance management program.

Conclusion

This document has presented a number of ERB practices used in various agencies. Many agency ERBs engage in the entire spectrum while others limit themselves. Involvement in the broader set of issues allows for a strategic management of the agency's executive corps and the feeder group of employees preparing to move into the executive ranks. OPM encourages each agency head and ERB to consider these options and thoughtfully

assess the extent to which ERBs should be involved in executive resources management. To help agencies develop their ERB Charters, we have provided the following template. If you have any questions or would like assistance, please contact OPM's Executive Resources Policy staff or Ana Mazzi, Deputy Associate Director, at 202-606-8046.

Executive Resources Board Charter *[Template]*

I. INTRODUCTION

Provide an overview of your agency's Executive Resources Board (ERB). The introduction could include the following:

- *Purpose and scope of the ERB*
- *Primary role(s) of the ERB*
- *Goals of the ERB*

II. MEMBERSHIP

List the members in your agency's ERB. Include each member's position title, length of appointment, and roles and responsibilities. Identify whether ERB members are voting or non-voting members. Membership on an ERB could include the following:

- *ERB Chair*
- *Alternate Chair in the absence of the Chair*
- *Voting members*
- *ERB Secretary*
- *Ex Officio members*

III. ERB FUNCTIONS AND RESPONSIBILITIES

Identify and describe your agency's ERB functions and responsibilities. Include ERB functions and responsibilities required in the following laws and regulations:

- *Conduct merit staffing process for career appointments in SES (5 U.S.C. 3393(b))*
- *Approve individual development plans of candidates participating in your agency's SES CDP (5 CFR 412.104(d))*

- *Oversee development and certification of Presidential Management Fellows (5 CFR 362.204)*

Include other functions and responsibilities delegated by the head of the agency. These functions and responsibilities could include the following:

- *Allocation and Position Management*
- *Additional responsibilities for SES CDP*
 - *Controlling of selection of candidates*
 - *Evaluating candidate's performance during the program*
 - *Serving as mentors*
 - *Acting as class sponsor*
- *Executive Development*
- *Executive Performance Management (in coordination with your agency's PRB)*

IV. MEETING SCHEDULE AND PROCESS

Determine how often the ERB will meet. This section should determine how meeting dates and times will be agreed upon as well as the location of these meetings (e.g. face-to-face, virtually). Identify who will be responsible for notifying ERB members of meetings.

Describe the activities needed to occur before the meeting. For example, if documents are to be reviewed before a scheduled meeting, ERB members would need to have these documents five days before the scheduled meeting to allow ERB members time to review the documents.

V. EXPIRATION DATE

State the duration and expiration date of this charter if your agency ERB decides to include an expiration date.

VI. APPROVAL OF THE ERB CHARTER

Identify individual(s) authorized to approve the ERB Charter. The approval line(s) should include a signature and date.